BRITISH COLUMBIA
The Best Place on Earth

BC Stats

Infoline

Contact: bcstats.infoline@gov.bc.ca *Issue:* 08-26 *June 27, 2008*

- **BC's population increases 1.5% in the first quarter of 2008**
- **Sawmill production falls 23.3% in April**
- **National net worth grew 1.2% through the first quarter of 2008**

Population

- **The population of British Columbia grew an estimated 1.5% (*year-over-year*) through the first quarter of 2008, due to gains from international migration and a boost in the number of recorded births.** Net international migration remained the main contributor to population growth with 10,058 people making their home in BC. Inter-provincial migrants also accounted for part of the population increase, gaining 1,710 persons from elsewhere in the country. Also, 10,415 new British Columbians were born during the first quarter of 2008, while 8,531 died, the largest number of deaths recorded since the post-war era.

  Compared to the rest of the country, BC (+1.5%) ranked third in growth among the provinces behind Alberta (+1.8%) and Saskatchewan (+1.8%). These were also the only other provinces to post a population increase above the national average. As of April 1, Canada's population was estimated at 33,223,840, an increase of 1.1% over the first quarter of 2007 and the strongest year-over-year growth recorded since 2002.

  Data Source: Statistics Canada & BC Stats

The Economy

- **Year-to-date lumber production at BC's sawmills continued to slide, dropping 23.3% to 10.4 million cubic metres in April compared to the previous year.** Output at Interior mills fell 23.8%, while Coastal production was down 18.7%. Shipments of lumber decreased 21.9% in the first four months of 2008 compared with the same period last year. *Data Source: Statistics Canada*

- **Between January and June 2006, slightly less than 38.6 million metric tonnes of cargo passed through Vancouver, the country's busiest port, a 1.0% decline in activity compared to the first half of the previous year.** A surge in coal shipments to overseas destinations provided a 72.6% boost in volume handled in Prince Rupert.

  Nationally, Canada's ports handled just under 214.5 million metric tonnes of cargo during the first half of 2006, down 0.2% compared to the same time in 2005. This downturn in shipments was largely due to a decline in the volume of crude petroleum and potash handled, which offset increased shipments of manufactured goods, wheat, canola, gasoline and aviation fuel. *Data Source: Statistics Canada*

- **The number of Employment Insurance (EI) claimants receiving regular benefits in British Columbia rose 1.2% (*seasonally adjusted*) in April.** At the national level, however, an estimated 462,500 Canadians received regular EI benefits, 0.2% fewer than in March. The largest decrease in the number of claimants was registered in Saskatchewan (-4.6%) while Ontario (+2.3%) saw a sharp increase in the number of beneficiaries. *Data Source: Statistics Canada*

Parental Leave

- **Nearly one-quarter (23%) of Canadian fathers eligible for benefits took paid parental leave in 2006, up 5 percentage points from 2005.** However, whether paid for through Employment Insurance or not, the majority (55%) of fathers took at least some time away from work when their child was born, most either taking available vacation time (21%) or an unpaid leave of absence (11%). In terms of time taken, eligible fathers claimed an average of 11 weeks

Report

Checking Out
Hotel Occupancy and Room Rates in BC

Did you know...

In general, British Columbians believe Pierre Trudeau is the most defining person in Canadian history and the Maple Leaf is our country's most influential symbol.

Data Source: Ipsos Canada

in 2006, compared to 12 taken in 2005. Several factors influenced a decision not to apply for parental benefits, including family choice (40%), impracticality or impossibility of taking time off (22%) and excessive financial burden (17%). *Data Source: SC, Cat. # 75-001-X*

Bottled Water Use

- **In 2006, nearly 3 in 10 Canadian households used bottled water as their main source of drinking water.** Households with comparatively high incomes ($91,000 and over) were more likely to use bottled water (33%) than those with lower incomes (25%). While it follows that those with a higher level of education generally earn higher levels of income, the likelihood of drinking bottled water was actually negatively related to education levels. Rates of bottled water use were highest (44%) among high income earners who had only attained a high school education while university graduates in the same income category were considerably less likely (26%) to consume bottled water. Overall, across income groups, those who had completed a university degree were the least (25%) likely to make use of bottled water. Scepticism towards the claimed health benefits of drinking bottled water as opposed to tap water, as well as a heightened awareness of the environment impact associated with bottled water use among university graduates are likely factors that would explain the gap in bottled water use between education groups.

Data Source: SC, Cat. # 16-002-X

Religious Services Attendance

- **The share of the Canadian population that attended weekly religious services on a regular basis has declined over the past 20 years, falling to 21% in 2005 from 30% in 1985.** Simultaneously, the proportion of the population that indicated that they never attended religious services rose from 22% in 1985 to 33% in 2005. The balance of the population (46%) attended services infrequently. Declining regular attendance was more prevalent among young Canadians with just 16% of those aged 15 to 24 and those aged 25 to 44 reporting that they attended weekly religious services, down from the 23% and 25% registered 20 years earlier. Older Canadians, on the other hand, were much more likely to attend services with 37% of those aged 65 and over reporting regular attendance. However this figure is down from the 42% of seniors that attended regular services in 1985. The drop in regular attendance is particularly apparent among those aged 45 to 64 where the proportion that attended weekly observances fell from 39% in 1985 to 22% in 2005.

  Attendance at religious services has waned in recent years at least in part due to an increase in the number of Canadians that reported no religious affiliation, doubling from 11% to 22% in the 20 years since 1985.

Data Source: SC, Cat. # 89-630-X

The Nation

- **Net national worth grew 1.2% through the first quarter of 2008 as a result of steadily increasing non-financial holdings.** Economy-wide net non-financial assets rose modestly (+1.2%) to $5.7 trillion due to housing investment which remain comparatively high despite having cooled through the first three months of 2008.

  Households registered a 0.4% increase their net worth during the quarter, largely due to rising values for insurance & pension assets (+2.5%) which offset a drop in the value of financial equities (-2.3%). Growing 1.8% in the first quarter of 2008, household debt (consumer credit and mortgage liabilities) continued to outpace the expansion of net worth. Since the second quarter of 2003, household debt has exceeded disposable income. Household debt now accounts for 123.8% of personal disposable income. Increasingly, consumer credit is making up a larger share of Canada's household debt, rising from roughly one-quarter (25%) little more than a decade ago to nearly one-third (31%) in more recent months.

Data Source: Statistics Canada & BC Stats

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June 27, 2008

Infoline Report

Contact: Neal Dobinson
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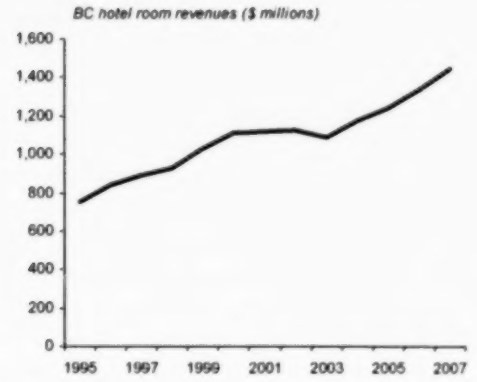
Originally published in
Tourism Sector Monitor Issue 08-05

Checking Out Hotel Occupancy and Room Rates in BC

There are more than 700 hotels in BC, which generated close to three-quarters (74%) of provincial room revenues in 2007. Not only do hotels account for the lion's share of earnings of the accommodation sector, their revenues have grown significantly since the mid-1990s. Over the 1995 to 2007 period, returns at the province's hotels jumped 93.0% from an estimated $751.4 million to $1.4 billion.

Room revenues at hotels have nearly doubled since 1995



Data Source: BC Stats

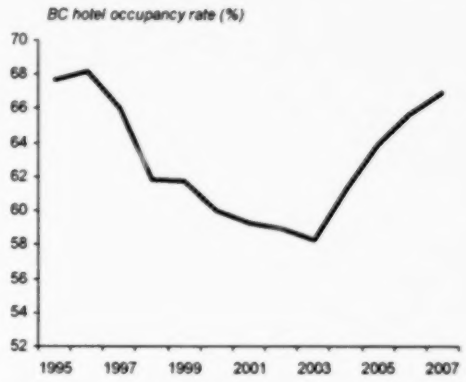
Two factors that directly influence hotel room revenues are the occupancy rate (i.e., the number of occupied rooms as a percentage of total available rooms) and the average daily room rate. In addition, occupancy and room rates at other types of accommodation will also affect business at hotels. For example, in rural areas of the province motels tend to outnumber hotels, so hotel operators have to compete with lower-cost accommodations. Also, cost-conscious travellers may choose a motel over a hotel based solely on the difference in room rates, so there is some degree of substitution occurring between hotels and other accommodations.

Using information from Pannell Kerr Forster's monthly Trends in the Canadian Hotel Industry publication, it is possible to examine hotel occupancy and room rates in BC at both the provincial and regional levels.

Recent trends in BC's hotel occupancy and room rates

From 1997 to 2003, occupancy rates in the province declined steadily and bottomed out at 58.3%, the lowest rate recorded since the mid-1980s. In 2004, occupancy rates began to recover and have continued on an upward track ever since, reaching their highest levels in 11 years in 2007 (66.9%).

Following several years of declines, BC hotels saw occupancy rates rebound in 2004

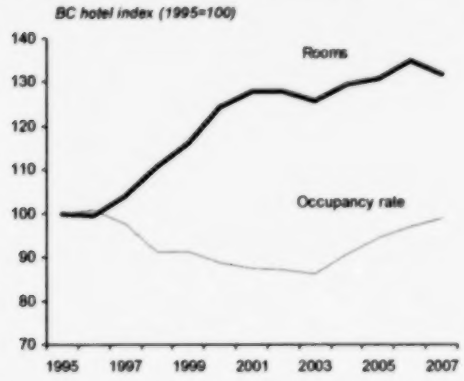


Data Source: Pannell Kerr Forster

Occupancy rates are determined not only by demand-side factors but also the available supply of hotel rooms. Since occupancy rates are inversely related to capacity, an increase in the number of rooms (assuming all else being equal) could partially account for the decrease in occupancy rates recorded from 1997 to 2003. According to BC Stats estimates, the total number of rooms in the province rose 20.8% over this period.

However, room counts expanded from 2004 to 2006 while occupancy rates also increased, as it is likely that market demand began to offset the increase in room supply.

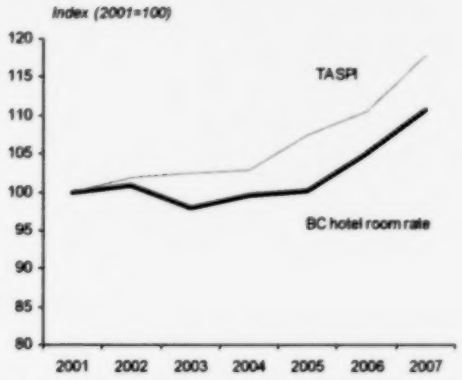
The number of hotel rooms rose from 1997 to 2003 while occupancy rates fell



Data Source: Pannell Kerr Forster & BC Stats

With respect to average daily room rates, we would expect an upward trend over time as hotel operators pass on increased costs to guests. From 2001 to 2007, the average room rate in the province advanced 10.7%. Over the same period, the Traveller Accommodation Services Price Index (TASPI), which reflects changes in room rates for short-term accommodation including hotels and motels, grew at a faster rate (+17.7%). However, price changes in motel lodging services, which are included in the TASPI, may partially account for the discrepancy in growth rates between the two series.

Hotel room rates have not kept pace with the overall price level for short-term accommodation services



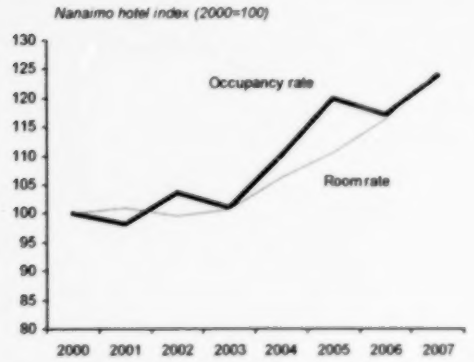
Data Source: Pannell Kerr Forster & Statistics Canada

It should be noted that there is an inherent relationship between the occupancy rate and the room rate. For example, a hotel operator may choose to sacrifice occupancy by raising room rates. Conversely, a reduction in room rates may lead to an increase in demand for hotel accommodation, which would cause occupancy rates to move up (assuming a fixed supply of rooms).

Nanaimo has shown the strongest growth in occupancy rates

From 2000 to 2007, Nanaimo's hotel occupancy rate increased 13.2 percentage points, the largest gain in the province. At the same time, average room rates also climbed (+24.7%). In comparison, Greater Victoria saw its occupancy rate remain relatively flat during this period (+0.4) while Parksville/Qualicum (-0.2) recorded a slight decrease.

Despite the rising cost of hotel rooms in Nanaimo, occupancy rates are trending up



Data Source: Pannell Kerr Forster

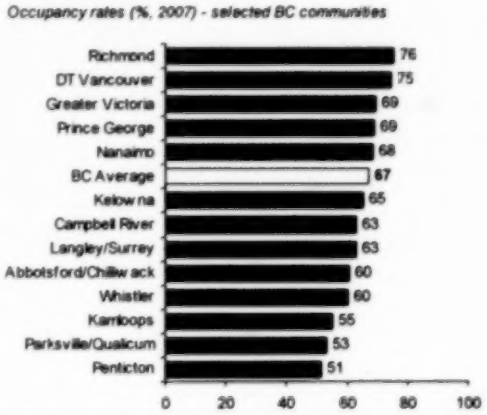
Since both occupancy and room rates in Nanaimo expanded from 2000 to 2007, it is reasonable to assume that growth in the hotel industry was demand-side driven. Whether this is due to increased marketing efforts or other promotional activities undertaken by local industry is difficult to determine without a more detailed analysis. However, it is likely that Nanaimo's geographical location as a gateway to Vancouver Island has helped boost the hotel industry in this area.

During the 2000 to 2007 period, areas of Greater Vancouver also showed notable increases in occupancy rates, including Richmond (+9.9 percentage points) and Langley/Surrey (+8.5). Outside the Lower Mainland, growth in Prince George (+8.1) outpaced Kelowna (+3.3), Kamloops (+3.2) and Penticton (-0.5).

Hotels in Greater Vancouver have the highest occupancy rates

Typically, the highest occupancy rates are in large urban centres in the Greater Vancouver area. For example, Richmond (76%) led the province in 2007, which is likely due to its proximity to the Vancouver International Airport. Similarly, hotels in downtown Vancouver operated at 75% of capacity while occupancy rates in Greater Victoria and Prince George (each at 69%) were slightly lower. Hotels in Kamloops (55%), Parksville/Qualicum (53%) and Penticton (51%) operated at just over half capacity on average in 2007.

The busiest hotels are located in Richmond and Downtown Vancouver

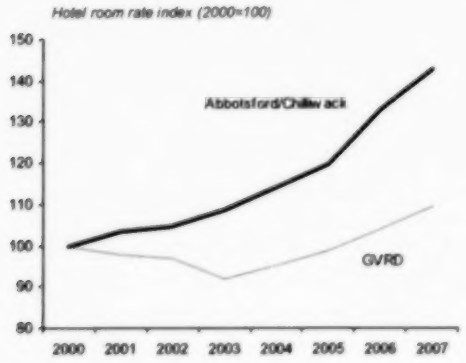


Data Source: Pannell Kerr Forster

Room rates in Abbotsford/Chilliwack have shown considerable growth but remain among the lowest in BC

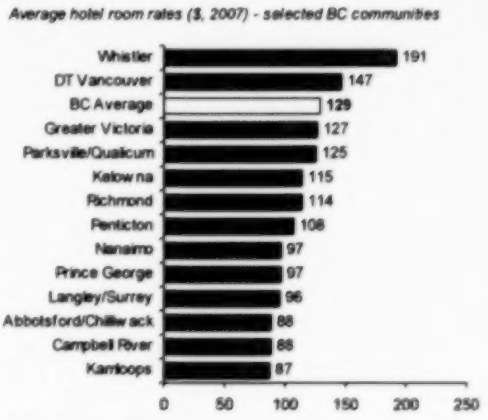
From 2000 to 2007, the average hotel room rate in Abbotsford/Chilliwack rose 42.9%, significantly higher than the increase for the Greater Vancouver Regional District (GVRD) (+9.5%). This rate of growth also surpassed Richmond (+26.0%) and Langley/Surrey (+25.1%).

The increase in room rates in Abbotsford/Chilliwack exceeds the GVRD



Data Source: Pannell Kerr Forster

Whistler has the highest average hotel room rate in the province



Data Source: Pannell Kerr Forster

Although the average room rate in Abbotsford/Chilliwack has shown substantial growth in recent years, it still remains among the lowest in the province. In 2007, the average daily charge for a hotel room was $88, with only Campbell River ($88) and Kamloops ($87) showing similar rates. Not surprisingly, the highest room rates in the province are in the resort community of Whistler ($191), where the price of a hotel room is about one and a half times greater than the provincial average ($129). Hotels in downtown Vancouver charged $147 on average in 2007, while room rates in Greater Victoria ($127) and Parksville/Qualicum ($125) were just below the BC average. Operators in Kelowna, Richmond and Penticton also charged more than $100 per night for a hotel room last year.

Infoline

June 27, 2008
Issue 08-26

Email transmission information service from BC Stats

also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Apr 1/08	% change on one year ago
BC	4,428.4	1.5
Canada	33,223.8	1.1
GDP and INCOME (Revised Apr 28)		
(BC - at market prices)	2007	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	190,214	5.5
GDP *($ 2002 millions)*	163,200	3.1
GDP *($ 2002 per Capita)*	37,258	1.7
Personal Disposable Income *($ 2002 per Capita)*	24,728	3.0
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Apr	3,350	-0.2
Merchandise Exports - Apr	2,523	9.4
Retail Sales - Apr	4,775	-0.7
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - May 2008)	one year ago	% change
BC	2.1	1.4
Vancouver	2.4	1.7
Victoria	1.9	0.9
Canada	2.2	2.1
LABOUR FORCE (thousands)		
(seasonally adjusted)	May '08	% change on prev. month
Labour Force - BC	2,426	-0.2
Employed - BC	2,317	-0.3
Unemployed - BC	108	2.9
		Apr '08
Unemployment Rate - BC *(percent)*	4.5	4.3
Unemployment Rate - Canada *(percent)*	6.1	6.1
INTEREST RATES (percent)	Jun 25/08	Jun 27/07
Prime Business Rate	4.75	6.00
Conventional Mortgages - 1 year	6.95	7.05
- 5 year	7.15	7.24
US-CANADA EXCHANGE RATE	Jun 25/08	Jun 27/07
(avg. noon spot rate) Cdn $ per US $	1.0186	1.0646
(closing rate) US $ per Cdn $	0.9822	0.9372
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	May '08	% change on one year ago
BC	777.77	4.9
Canada	777.54	4.5

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

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- Current Statistics, June 2008
- Migration Highlights, First Quarter 2008

Next week

- Business Indicators, June 2008
- Tourism Sector Monitor, June 2008

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